

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-181-E - ORDER NO. 2011-619

SEPTEMBER 2, 2011

IN RE: Progress Energy Carolinas, Inc.'s DSM/EE)	ORDER REQUIRING
Cost Recovery Rider Application)	ADDITIONAL
)	INFORMATION AND
)	REVISING DEADLINES
)	IN FUTURE FILINGS

This matter comes before the Public Service Commission of South Carolina ("Commission") on Progress Energy Carolina's ("PEC") Application for a Demand-Side Management/Energy Efficiency ("DSM/EE") cost recovery rider in accordance with the Stipulation and Procedure and Mechanism for Recovery of Costs and Incentives for DSM/EE Programs approved by the Commission in Order No. 2009-373 in Docket No. 2008-251-E. On June 29, 2011, the Commission issued a Directive implementing PEC's proposed Demand Side Management/Energy Efficiency ("DSM/EE") cost recovery rider.¹ Additionally, the Commission provided the Company an opportunity to respond to the Review Letter dated June 24, 2011, filed by the Office of Regulatory Staff ("ORS") and the Petition to Intervene and comments dated June 27, 2011 filed by the Southern Alliance for Clean Energy ("SACE") and the South Carolina Coastal Conservation League ("SCCCL"). The Commission also provided ORS an opportunity to respond to the filings by SACE and SCCCL. On July 6, 2011, the Company filed reply comments. On July 7, 2011, ORS filed its response.

¹ This ruling was reflected in Order No. 2011-474, dated August 9, 2011.

Although the Petition to Intervene was filed by SACE and SCCCL four days prior to the effective date of the proposed DSM/EE cost recovery rider, and two days prior to the scheduled time for consideration of the Petition by the Commission, neither ORS nor the Company objected to the Petition to Intervene; thus, the Commission hereby grants the intervention request. It is important to note that intervention requests filed in the “eleventh hour” create unnecessary difficulties for both the Commission and the parties and reduce the potential effectiveness of the filing parties’ efforts. Here, the intervenors – whom the Commission had no idea had an interest in the docket – filed a request to intervene, complete with a fully-developed position on a complex issue, only two days prior to the Commission’s scheduled time for decision, and in response to an application that had been filed almost two months earlier. The filing was substantive and offered a useful perspective to the Commission, although it would have been more useful had it been filed in a more timely fashion, or at least if the Commission had known that such a filing would be forthcoming. In the Review Letter submitted by ORS and the comments submitted by the intervenors, suggestions were made that the Commission require additional information from the Company in its 2012 filing and other filings thereafter. The Commission has taken those recommendations into consideration, along with the Company’s consent to those recommendations, in evaluating what information should be required from the Company going forward.

It was noted by all parties that the Evaluation Measurement and Verification (“EM&V”) report for the EnergyWise program filed by the Company is an initial and not final report. Only the 2009 report for the Residential Home Energy Improvement

program is final and was utilized to true-up the prior period net lost revenues and the Program Performance Incentives (“PPI”) in the 2011 filing. The final EM&V report for the EnergyWise program, along with EM&V reports for other programs, are due later this year and should be utilized for true-ups in the 2012 filing. In doing so, the Company shall fully evaluate and ORS shall review the peak demand reduction estimates as compared to the actual reductions of the EnergyWise program prior to the next annual filing.

As outlined primarily in ORS’s Review Letter, for PEC’s 2012 DSM/EE cost recovery filing, PEC shall: (1) true-up its EnergyWise program based on the final EM&V report; (2) provide ORS and the Commission with TRC test results associated with the 2009 Vintage of its Residential Home Energy Improvement Program; (3) incorporate interest on over-collections and incorporate uncollectable based revenue adjustments associated with its 2011 DSM/EE cost recovery request in the amount of \$19,592.46²; and (4) calculate interest on this amount through its return to customers during the 2012-2013 rate period.

As recommended by ORS and agreed to by the Company, in all future proceedings PEC shall provide to ORS and the Commission the Total Resource Cost (“TRC”) test results and calculations coupled with its Utility Cost Test (“UCT”) results

² ORS noted in its Review Letter that the Company did not include interest on the over-collection of incurred costs arising during the test period, nor did it include unrecoverable amounts in the test period computations. The net result of the two corrections reduces the revenue requirements by \$19,592.46. Because this change would impact the rate by \$0.00001/kWh, ORS agreed to allow the Company to roll this amount into its 2012 filing. The Company will pay interest to the ratepayers on the over-collection. The Commission agrees with this outcome.

when EM&V reports become available. Additionally, PEC shall provide interest computations on any over or under-collections in all future filings.

Further, ORS has recommended and the Company has agreed to provide ORS and the Commission quarterly reports pertaining to Rider DSM/EE-1. Utilizing these reports, ORS shall finalize its review of the actual costs from September 2007 to March 2011 and will address them in the 2012 cost recovery proceeding.

As recommended by the intervenors and agreed to by PEC, the Company shall provide the Commission and all parties a timeline for its EM&V activities and shall update this timeline by re-filing it if the projected dates change, along with an explanation of such changes.³ Additionally, the Company shall provide a clear explanation of how it applies the EM&V results to true-up program expenses. This requirement is not achieved by increasing the volume of supporting documentation, but by explaining in a clear and concise manner how the Company's supporting documentation and the EM&V results apply to the requested cost recovery.

In Order No. 2009-373, the Commission approved May 1 as the date by which the Company must file its annual application for recovery of costs and incentives. In reviewing the Company's Application and subsequent filings in this case, the Commission has determined that a 60-day review period (from May 1 until July 1, when the requested rate becomes effective) is inadequate to fully evaluate the volumes of information associated with this proceeding. Thus, the parties shall file an amended schedule for the Company's annual proceeding that allows no less than 90 days from the

³ The Company filed its EM&V timeline with the Commission as Exhibit 1 to its reply comments dated July 6, 2011.

date of the Company's Application until the effective date of the cost recovery rider. This amended schedule shall include a deadline for interested persons to file a Petition to Intervene that expires 30 days after the Company's filing date. Additionally, the amended schedule shall require ORS and other intervenors to file comments on the Company's Application no later than 45 days after the Company's filing date. This amended schedule shall be filed with the Commission within 60 days from the date of this order.

IT IS THEREFORE ORDERED:

1. The Petition to Intervene filed by SACE and SCCCL is granted.
2. PEC shall fully evaluate and ORS shall review the peak demand reduction estimates as compared to the actual reductions of the EnergyWise program prior to the next annual filing.
3. For its 2012 DSM/EE cost recovery filing, PEC shall: (1) true-up its EnergyWise program based on the final EM&V report; (2) provide ORS and the Commission with TRC test results associated with the 2009 Vintage of its Residential Home Energy Improvement Program; (3) incorporate interest on over-collections and incorporate uncollectable based revenue adjustments associated with its 2011 DSM/EE cost recovery request in the amount of \$19,592.46; and (4) calculate interest on this amount through its return to customers during the 2012-2013 rate period.
4. In all future proceedings, PEC shall provide to ORS and the Commission the Total Resource Cost ("TRC") test results and calculations coupled with its Utility Cost Test ("UCT") when EM&V reports become available.

5. PEC shall provide interest computations on any over or under-collections in all future filings.

6. PEC shall provide ORS and the Commission quarterly reports pertaining to Rider DSM/EE-1.

7. ORS shall finalize its review of the actual costs from September 2007 to March 2011 and address them in the 2012 cost recovery proceeding.

8. PEC shall provide the Commission and all parties a timeline for its EM&V activities and shall update this timeline by re-filing it if the projected dates change, along with an explanation of such changes.

9. PEC shall provide a clear explanation of how it applies the EM&V results to true-up program expenses in all future filings.

10. Within 60 days of the date of this order, the parties shall submit an amended schedule for the Company's annual cost recovery proceeding that: allows no less than 90 days from the date of the Company's Application until the effective date of the cost recovery rider; includes a deadline for interested persons to file a Petition to Intervene that expires 30 days after the Company's filing date; and requires ORS and other intervenors to file comments no later than 45 days after the Company's filing date.

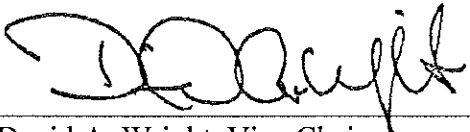
11. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)